

**EAST OUACHITA RECREATION DISTRICT NUMBER ONE  
PARISH OF OUACHITA, STATE OF LOUISIANA  
MONROE, LOUISIANA**

**ANNUAL FINANCIAL REPORT  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date SEP 11 2013

**EAST OUACHITA RECREATION DISTRICT NUMBER ONE  
PARISH OF OUACHITA, STATE OF LOUISIANA  
Monroe, Louisiana**

**ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2012**

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**EAST OUACHITA RECREATION DISTRICT NUMBER ONE  
PARISH OF OUACHITA, STATE OF LOUISIANA  
Monroe, Louisiana**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**EAST OUACHITA RECREATION DISTRICT NUMBER ONE**  
**(A Component Unit of Ouachita Parish Police Jury)**  
**Management's Discussion and Analysis**  
**For The Fiscal Year Ended December 31, 2012 And 2011**

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As management of the East Ouachita Recreation District No. 1 of the Parish of Ouachita, State of Louisiana ("District"), we provide readers of the District's financial statements this narrative overview and analysis of the financial activities of the District, for the year ended December 31, 2012. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

**FINANCIAL HIGHLIGHTS**

Our financial statements provide these insights into the results of this year's operations:

- The net position of our governmental activities increased by \$442,230 or 9.2%.
- The total net position is comprised of the following:
  - (1) Net investment in capital assets of \$2,128,744 that included property and equipment, net of accumulated depreciation (\$3,228,883).
  - (2) Unrestricted net position of \$3,116,784 that represent the portion available to maintain continuing obligations to citizens and creditors.
- Revenues of our governmental activities totaled \$1,600,081, an increase of 15.9% from the prior year total of \$1,380,048, while expenditures totaled approximately \$1,133,721, an increase of 32.6% from the prior year total of \$854,789.
- Approximately \$223,737 was expended in the current year primarily for capital expenditures on recreational equipment, building and ballfield improvements.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the District's financial statements. The District's basic financial statements consist of the following components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the financial statements
4. Required supplementary information, and
5. Other supplementary information, which is in addition to the basic financial statements themselves.

**EAST OUACHITA RECREATION DISTRICT NUMBER ONE**  
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**1. Government-Wide Financial Statements**

Government-wide financial statements are designed by GASB statement 34 to change the way in which governmental financial statements are presented. It now provides readers a concise "entity-wide" Statement of Net Position and Statement of Activities. These statements include all assets and liabilities using the accrual basis of accounting in a manner similar to a private-sector business.

- A The statement of net position presents information on all of the District's assets and liabilities using the accrual basis of accounting. The difference between the assets and liabilities is reported as net position. The net position is segregated between net investment in capital assets, restricted net position or unrestricted net position. These categories are determined by the nature or source of the net position. Amounts available in unrestricted net position may be utilized for continued operation and maintenance of recreation facilities or programs in the future. Over time, increase or decrease in net position may serve as a useful indicator of whether the financial position of the District is improving or weakening.
- B The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. This statement shows the difference between expenditures and revenues for recreation activities and the general revenues of the District. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flow.

**2. Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by State Law and by bond covenants. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District consist of one category: governmental funds.

- A Governmental funds are used to account for most of the District's basic services as reported as governmental activities in the government-wide financial statements. Governmental fund financial statements focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.
- B The District maintains one individual governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund.
- C Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the conversion from governmental funds to governmental activities.

**EAST OUACHITA RECREATION DISTRICT NUMBER ONE**  
**(A Component Unit of Ouachita Parish Police Jury)**  
**Management's Discussion and Analysis**  
**For The Fiscal Year Ended December 31, 2012 And 2011**

Our auditor has provided assurance in the independent auditor's report, located immediately following this MD&A, that the Basic Financial Statements are fairly stated. The auditor regarding this Management's Discussion and Analysis and the Required Supplemental Information is providing varying degrees of assurance. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Annual Financial Report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS AS A WHOLE**

The District's net position increased by \$442,230 compared to a \$505,032 increase in the prior year.

**NET ASSETS**

A condensed comparative summary of the Statement of Net Position is presented in Table A.

**Table A**  
**Condensed Statement of Net Position**

	<u><b>FY 2012</b></u>	<u><b>FY 2011</b></u>	<u><b>Dollar Change</b></u>	<u><b>Total % Change</b></u>
Current Assets	\$3,141,381	\$2,663,614	\$477,767	17.9%
Capital Assets	<u>2,128,744</u>	<u>2,170,739</u>	<u>(41,995)</u>	<u>(1.9)%</u>
<b>Total Assets</b>	<u>5,270,125</u>	<u>4,834,353</u>	<u>435,772</u>	<u>9.0%</u>
Long-Term Debt	1,985	696	1,289	185.2%
Other Liabilities	<u>20,627</u>	<u>28,374</u>	<u>(7,747)</u>	<u>(27.3)%</u>
<b>Total Liabilities</b>	<u>22,612</u>	<u>29,070</u>	<u>(6,458)</u>	<u>(22.2)%</u>
Net Investment in Capital Assets	2,128,744	2,170,739	(41,995)	(1.9)%
Restricted	1,985	696	1,289	185.2%
Unrestricted	<u>3,116,784</u>	<u>2,633,848</u>	<u>482,936</u>	<u>18.3%</u>
<b>Total Net Position</b>	<u>\$5,247,513</u>	<u>\$4,805,283</u>	<u>\$442,230</u>	<u>9.2%</u>

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Net position may serve over time as a useful indicator of a government's financial position. The District's assets exceeded its liabilities at the close of the current year by \$5,247,513 (net position) compared to \$4,805,283 at the prior year-end. Of this amount, \$3,116,784 is unrestricted net position. This represents 59.4% of net position and its resources that are available to be used to meet the District's ongoing obligation to citizens and creditors. The District's unrestricted net position increased by \$482,936 during the year, largely from increased revenues.

The District has total assets of \$5,270,125 compared to \$4,834,353 at the prior year-end. Of the total assets \$2,128,744 are net investment in capital assets compared to \$2,170,739 at the end of 2011.

**CHANGES IN NET POSITION**

The governmental activities of the District include recreation, i.e. activities buildings, tennis, and baseball and softball fields. Property taxes fund most of these governmental activities.

A condensed comparative summary of the Statement of Activities is presented in Table B. This table shows the District's expenditures related to the functions/programs associated with its governmental activities. The table gives an indication of how the District's resources are utilized and the source of the resources.

**EAST OUACHITA RECREATION DISTRICT NUMBER ONE**  
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**Management's Discussion and Analysis**  
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**Table B**  
**Condensed Statement of Activities**

	<u><b>FY 2012</b></u>	<u><b>FY 2011</b></u>	<u><b>Dollar Change</b></u>
<b>Governmental Activities Recreation</b>			
<b>Program expense</b>			
Operating costs	\$ 911,273	\$ 751,164	\$160,109
Interest expense	0	0	0
Depreciation	<u>265,732</u>	<u>175,944</u>	<u>89,788</u>
Total program expenses	1,177,005	927,108	249,897
<b>Program revenues</b>			
Charges for services and grants	<u>227,037</u>	<u>107,530</u>	<u>119,507</u>
<b>Net Program Expenses Before General Revenues</b>	949,968	819,578	130,390
<b>General Revenues</b>			
Ad valorem taxes	1,356,787	1,288,493	68,294
Other revenues	23,751	25,646	(1,895)
Interest income earned	<u>11,660</u>	<u>10,471</u>	<u>1,189</u>
Total General Revenue	<u>1,392,198</u>	<u>1,324,610</u>	<u>67,588</u>
<b>Change in Net Position</b>	442,230	505,032	(62,802)
<b>Beginning Net Position</b>	<u>4,805,283</u>	<u>4,300,251</u>	<u>505,032</u>
<b>Ending Net Position</b>	<u><u>\$5,247,513</u></u>	<u><u>\$4,805,283</u></u>	<u><u>\$442,230</u></u>



**EAST OUACHITA RECREATION DISTRICT NUMBER ONE**  
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**Management's Discussion and Analysis**  
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Operating costs for the recreation activities of the District increased to \$1,177,005 compared to \$927,108 in 2011. Depreciation expense for 2012 was \$265,732, an increase of \$89,788 from 2011 depreciation expense. This was the result of a change in the life of the roof at two centers in 2012.

As indicated above, ad valorem tax revenue is the largest revenue source for the District comprising 97.4% and 97.3% of general revenues for 2012 and 2011. During the years ended December 31, 2012 and 2011, property taxes of 7.48 mills and 7.50 mills were levied on property inside of the District boundaries, respectively. The District's gross tax assessed for 2012 increased by \$87,812 to \$1,360,128 compared to \$1,272,316 for 2011.

#### **FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS**

As previously stated, the District maintains one governmental fund, the General Fund. The District's governmental fund reported ending balances of \$3,009,782 and \$2,543,422 for the fiscal years ended 2012 and 2011. This is an increase of \$466,360 from the prior year-end. The increase was due to the inclusion of the baseball and softball programs in 2012.

#### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The District adopts an annual budget for its General Fund. Prior to year end, the District amended its' budget for the year ending December 31, 2012 to reflect the changes in revenue received and operating expenditures incurred. A budget comparison schedule has been included for the General Fund to demonstrate compliance with the legally adopted budget. An analysis of significant budget variances in the General Fund is as follows:

1. Revenues
  - There were some variations between the final budgeted revenues and the actual amounts realized for 2012 for revenues due to increased ad valorem tax received.
2. Expenditures
  - Budgeted amounts for expenditures were amended primarily to adjust amounts within expenditure line items.

**EAST OUACHITA RECREATION DISTRICT NUMBER ONE**  
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**Management's Discussion and Analysis**  
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**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of December 31, 2012 and 2011, the District had \$4,849,461 and \$4,872,868 invested in capital assets including buildings and improvements, furniture and fixtures, equipment, and vehicles (See table below)

	<u>FYE 2012</u>	<u>FYE 2011</u>
Buildings	\$3,841,362	\$3,878,848
Office equipment	13,798	10,113
Janitorial	3,284	3,284
Recreational equipment	390,608	380,214
Concessions	9,430	9,430
Auto	76,179	76,179
Baseball field equipment	342,987	342,987
Baseball field lights	109,895	109,895
Fence	61,918	61,918
Totals	<u>\$4,849,461</u>	<u>\$4,872,868</u>

This year's major additions included improvements to buildings (roofing), ballfield improvements and recreation equipment

**Debt**

At year end, the District had a zero balance in general obligation bonds payable. The general obligation bonds were paid off in 2004, two years ahead of schedule.

**ECONOMIC FACTORS**

The District's revenues consist of ad valorem taxes, state revenue sharing, and recreation program fees. The Board of Commissioners actively monitors revenues and expenses and evaluates the costs of proposed expansion projects. Currently the Board is preparing land for baseball and softball fields. They actively solicit parish government and state government aid whenever possible to help with the cost of these projects.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, and creditors with general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Delia Ebert, Secretary-Treasurer of the East Ouachita Recreation District #1, 710 Holland Drive, Monroe, Louisiana.

## **INDEPENDENT AUDITOR'S REPORT**

Board of Commissioners  
East Ouachita Recreation District Number One  
Ouachita Parish  
State of Louisiana  
Monroe, Louisiana

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of the East Ouachita Recreation District Number One of the Parish of Ouachita, State of Louisiana, a component unit of Ouachita Parish Police Jury, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that our audit provides a reasonable basis for our opinion.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the East Ouachita Recreation District Number One of the Parish of Ouachita, State of Louisiana, as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year ended, in accordance with accounting principles generally accepted in the United States of America.

Board of Commissioners  
East Ouachita Recreation District Number One  
Ouachita Parish, State of Louisiana  
Monroe, Louisiana  
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***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 1 through 7 and 25 through 27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurances.

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information included on page 28 is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying other information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide assurance on it.

***Other Reporting Required by Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued a report dated June 26, 2013 on our consideration of East Ouachita Recreation District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering East Ouachita Recreation District's internal control over financial reporting and compliance.

*The Robinette Firm, APAC*

The Robinette Firm, A Professional Accounting Corporation

Monroe, Louisiana  
June 26, 2013

**EAST OUACHITA RECREATION DISTRICT NUMBER ONE  
PARISH OF OUACHITA, STATE OF LOUISIANA  
Monroe, Louisiana**

**BASIC FINANCIAL STATEMENTS**

**EAST OUACHITA RECREATION DISTRICT NUMBER ONE**  
**PARISH OF OUACHITA, STATE OF LOUISIANA**  
**Monroe, Louisiana**

**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2012**

**ASSETS**

Current Assets

Cash and investments	\$1,821,791
Receivables	<u>1,319,590</u>
Total Current Assets	<u>3,141,381</u>

Noncurrent Assets

Capital assets, net of accumulated depreciation	1,620,578
Land	<u>508,166</u>
Total Assets	<u>\$5,270,125</u>

**LIABILITIES**

Current Liabilities

Accounts payable	\$ 15,158
Accrued Expenses	<u>5,469</u>
Total Current Liabilities	<u>20,627</u>

Due in more than one year

Compensated Absences	<u>1,985</u>
Total Liabilities	<u>22,612</u>

**NET POSITION**

Net investment in capital assets	2,128,744
Restricted for debt service	1,985
Unrestricted	<u>3,116,784</u>
Total Net Position	<u>5,247,513</u>

<b>TOTAL LIABILITIES, NET POSITION</b>	<u><b>\$5,270,125</b></u>
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See accompanying notes to the financial statements

**EAST OUACHITA RECREATION DISTRICT NUMBER ONE**  
**PARISH OF OUACHITA, STATE OF LOUISIANA**  
**Monroe, Louisiana**

**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2012**

**FUNCTIONS / PROGRAMS**

**GOVERNMENTAL ACTIVITIES**

General Government -Recreation	\$1,177,005
Total Governmental Activities	<u>1,177,005</u>

**PROGRAM REVENUES**

Charges for services	216,142
Grants and Contributions	<u>10,895</u>
Net Governmental Activities	949,968

**GENERAL REVENUES**

Ad valorem taxes	1,356,787
Revenue sharing	23,483
Investment earnings	11,660
Other	<u>268</u>
Total General Revenues	<u>1,392,198</u>

<b>CHANGE IN NET POSITION</b>	442,230
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<b>NET POSITION, BEGINNING OF YEAR</b>	<u>4,805,283</u>
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<b>NET POSITION, END OF YEAR</b>	<u><u>\$5,247,513</u></u>
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See accompanying notes to the financial statements

**EAST OUACHITA RECREATION DISTRICT NUMBER ONE  
PARISH OF OUACHITA, STATE OF LOUISIANA  
Monroe, Louisiana**

**BALANCE SHEETS  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2012**

<b>ASSETS</b>	<b>Governmental Funds</b>
Cash	\$1,821,791
Interfund receivables	0
Receivables	<u>1,208,618</u>
Total assets	<u>\$3,030,409</u>
 <b>LIABILITIES</b>	
Accounts payable	\$ 15,158
Interfund payable	0
Accrued expenses	<u>5,469</u>
Total liabilities	<u>20,627</u>
 <b>EQUITY AND OTHER CREDITS</b>	
Fund balances	
Unreserved-	3,009,782
Reserved for debt service	<u>0</u>
Total equity and other credits	<u>3,009,782</u>
 <b>TOTAL LIABILITIES, EQUITY AND OTHER CREDITS</b>	 <u><b>\$3,030,409</b></u>
 <b>RECONCILIATION TO STATEMENT OF NET POSITION:</b>	
<b>TOTAL FUND EQUITY, GOVERNMENTAL FUNDS</b>	<b>\$3,009,782</b>
Differences in reporting for the statement of net position	
Net investment in capital assets	2,128,744
Property tax accrual	110,972
Liability for compensated absences	<u>(1,985)</u>
Net Adjustment	<u>2,237,731</u>
 <b>TOTAL NET POSITION, GOVERNMENT-WIDE</b>	 <u><b>\$5,247,513</b></u>

See accompanying notes to the financial statements



**EAST OUACHITA RECREATION DISTRICT NUMBER ONE  
PARISH OF OUACHITA, STATE OF LOUISIANA  
Monroe, Louisiana**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u><b>General Fund</b></u>
<b>REVENUES</b>	
Ad valorem taxes	\$1,337,633
Intergovernmental State of LA Revenue Sharing	23,483
Miscellaneous	
Concessions	47,503
Membership dues	15,831
Registration fees	143,840
Interest	11,660
Other	<u>20,131</u>
Total revenues	<u>1,600,081</u>
<b>EXPENDITURES</b>	
Current	
Administration	101,065
Athletics	170,618
Operations and maintenance	189,890
Salaries and benefits	414,131
Concessions	34,280
Capital outlay	223,737
Debt service	
Principal retirement	0
Interest and fiscal	<u>0</u>
Total charges	<u>1,133,721</u>
Excess of Revenues Over (Under) Expenditures	<u>466,360</u>
Other Financing Sources (Uses)	
Transfer in	0
Transfer out	<u>0</u>
Total other financing sources (uses)	<u>0</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>466,360</u>
<b>FUND BALANCE, DECEMBER 31, 2011</b>	<u>2,543,422</u>
<b>FUND BALANCE, DECEMBER 31, 2012</b>	<u><u>\$3,009,782</u></u>

See accompanying notes to the financial statements

**EAST OUACHITA RECREATION DISTRICT NUMBER ONE  
PARISH OF OUACHITA, STATE OF LOUISIANA  
Monroe, Louisiana**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**INTRODUCTION**

The East Ouachita Recreation District Number One, Monroe, Louisiana, (the "District") was established by the Ouachita Parish Police Jury in 1978, under Louisiana Revised Statute (LSA-RS), for provision of a public recreation center. The District is operated by a board of commissioners which is appointed by the Ouachita Parish Police Jury. The District operates three recreation facilities, Swartz-Lakeshore, Osterland and Sterlington.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the East Ouachita Recreation District Number One is considered a component unit of Ouachita Parish Police Jury. As a component unit, the accompanying financial statements are included within the reporting of the primary government, either blended into those financial statements or separately reported as discrete component units.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the East Ouachita Recreation District Number One. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. All individual governmental funds and individual enterprise funds are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**EAST OUACHITA RECREATION DISTRICT NUMBER ONE  
PARISH OF OUACHITA, STATE OF LOUISIANA  
Monroe, Louisiana**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The East Ouachita Recreation District Number One reports the following governmental fund:

The General Fund is the entity's primary operating fund. It accounts for all financial resources of the entity, except those required to be accounted for in another fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of inter fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the governments enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the entity's policy to use restricted resources first, then unrestricted resources as they are needed.

**EAST OUACHITA RECREATION DISTRICT NUMBER ONE  
PARISH OF OUACHITA, STATE OF LOUISIANA  
Monroe, Louisiana**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Cash Deposits and Investments**

The entity's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the East Ouachita Recreation District Number One's investment policy allow the entity to invest in collateralized certificates of deposits, government-backed securities, commercial paper, the state-sponsored investment pool, and mutual funds consisting solely of government-backed securities.

**Accounts Receivable**

The financial statements for the District contain no allowance for uncollectible accounts. Uncollectible amounts due for ad valorem taxes and disallowed costs due from grants are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position of operations of the funds.

**Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., curbs, sidewalks, drainage, lighting, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The East Ouachita Recreation District Number One maintains a threshold level of \$200 or more for capitalizing capital assets.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land improvements and infrastructure assets	15-25 years
Buildings and building improvements	30-40 years
Furniture, fixtures and equipment	5-10 years
Vehicles	3-5 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

**EAST OUACHITA RECREATION DISTRICT NUMBER ONE  
PARISH OF OUACHITA, STATE OF LOUISIANA  
Monroe, Louisiana**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Budget Practices**

The Board of Commissioners adopts an annual budget for the General Fund. The annual budget is prepared in accordance with the cash basis of accounting. A public hearing was held on December 12, 2011 to discuss the budget. The budget was approved by the Board on that day. Upon approval of the Board of Commissioners, budgeted amounts can be transferred within expense categories. The Board adopted an amended budget approving the adjustment of expenditures at its meeting on December 17, 2012. Appropriations lapse at year-end.

**Compensated Absences**

The District has the following policy relating to vacation and sick leave:

All full-time employees earn fifteen days of vacation leave each year, plus one day per year added after the 11<sup>th</sup> year of employment. Vacation time can be accumulated up to twenty days. Employees earn five to ten days of sick leave each year. Unused sick leave can be sold back at a rate of 2 days for 1 day of pay at the end of the calendar year.

The District's recognition and measurement *criteria* for compensated absences follows:

Governmental accounting standards provide that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

1. The employees' rights to receive compensation are attributable to services already rendered.
2. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

An accrual for earned sick leave is made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies. Unused sick leave is calculated at the rate it is purchased at the end of the year.

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported.

**EAST OUACHITA RECREATION DISTRICT NUMBER ONE  
PARISH OF OUACHITA, STATE OF LOUISIANA  
Monroe, Louisiana**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Long-term Obligations**

In the government-wide financial statements, and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Net Position**

GASB Statement No. 34, Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments, required reclassification of net assets into three separate components. GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, revised the terminology by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. GASB Statement No. 63 requires the following components of net position:

1. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets, if any. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount should not be included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflows of resources should be included in the same net position component (restricted or unrestricted) as the unspent amount. At December 31, 2012, the District had no outstanding debt, deferred outflows of resources, or deferred inflows of resources.
2. Restricted net position - Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

**EAST OUACHITA RECREATION DISTRICT NUMBER ONE  
PARISH OF OUACHITA, STATE OF LOUISIANA  
Monroe, Louisiana**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- 3 Unrestricted net position - The net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

**Reconciliations of Government-wide and Fund Financial Statements**

The following reconciles the fund balances of governmental funds to the government-wide statement of net position:

Capital assets and depreciation	\$2,128,744
Property tax accrual	110,972
Liability for compensated absences	<u>(1,985)</u>
Net adjustment	<u>\$2,237,731</u>

The following reconciles the net changes in fund balance-total governmental funds to the changes in net position of governmental activities:

Property taxes receivable	\$ 19,154
Depreciation	(265,732)
Capital outlay	223,737
Compensated absence accrual	<u>(1,289)</u>
Net adjustment	<u>\$ (24,130)</u>

**NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS**

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States or any other federally insured investment, certificates of deposit or any bank domiciled or having a branch office in the State of Louisiana, guaranteed investment contracts and investment grade commercial paper of domestic corporations.

**EAST OUACHITA RECREATION DISTRICT NUMBER ONE  
PARISH OF OUACHITA, STATE OF LOUISIANA  
Monroe, Louisiana**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

State law requires deposits (cash and certificates of deposit) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the accounts of the political subdivision.

At December 31, 2012, the District had cash and cash equivalents (book balances) totaling \$1,821,791 as follows:

Demand deposits	\$1,821,791
Savings accounts	0
Total	<u>\$1,821,791</u>

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a written policy for custodial credit risk, however, their practice is to require banks to pledge securities equal to the amount on deposit with the bank less the applicable federal deposit insurance.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2012, the District had \$1,837,519 in deposits (collected bank balances). These deposits are secured from risk by \$281,187 of federal deposit insurance and \$1,640,916 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

**NOTE 3 - RECEIVABLES**

The following is a summary of receivables at December 31, 2012:

	<u>General Fund</u>
Taxes	
Ad valorem taxes	\$1,208,118
State of Louisiana - Revenue Sharing	0
Other	500
Total	<u>\$1,208,618</u>

Property taxes which are delinquent over one year are written off.



**EAST OUACHITA RECREATION DISTRICT NUMBER ONE  
PARISH OF OUACHITA, STATE OF LOUISIANA  
Monroe, Louisiana**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**NOTE 4 - LEVIED TAXES**

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the parish in October or November and are actually billed to the taxpayers in December. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year received.

The Parish of Ouachita bills and collects property taxes for the District using the assessed values determined by the tax assessor of the State of Louisiana.

For the year ended December 31, 2012, taxes of 7.48 mills were levied on property with assessed valuations totaling \$181,835,175 and were dedicated as follows:

	<u>Authorized Mileages</u>	<u>Levied Mileages</u>
General Fund, Operation and Maintenance	7.48	7.48 Mills

Total taxes levied were \$1,360,128 for 2012 and \$1,272,316 for 2011.

**NOTE 5 - CAPITAL ASSETS**

The following is a summary of changes in the general fixed assets account group for the fiscal year:

	<u>Balance December 31, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2012</u>
Buildings	\$3,878,848	\$209,658	\$247,144	\$3,841,362
Office equipment	10,113	3,685	0	13,798
Janitorial	3,284	0	0	3,284
Recreation equipment	380,214	10,394	0	390,608
Concessions	9,430	0	0	9,430
Auto	76,179	0	0	76,179
Baseball field equipment	342,987	0	0	342,987
Baseball field lights	109,895	0	0	109,895
Fence	61,918	0	0	61,918
Total	<u>\$4,872,868</u>	<u>\$223,737</u>	<u>\$247,144</u>	<u>\$4,849,461</u>
Accumulated depreciation	<u>3,210,295</u>	<u>265,732</u>	<u>247,144</u>	<u>3,228,883</u>
Net capital assets	<u>\$1,662,573</u>			<u>\$1,620,578</u>
Land	<u>\$ 508,166</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 508,166</u>

**EAST OUACHITA RECREATION DISTRICT NUMBER ONE  
PARISH OF OUACHITA, STATE OF LOUISIANA  
Monroe, Louisiana**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**NOTE 5 - CAPITAL ASSETS (Continued)**

Depreciation expense of \$265,732 was charged to the general government, recreation function in the statement of activities

During 2012, the District changed its estimate of the useful life of the roofing at two of its centers. These were being depreciated over ten years, but the District reduced their useful life to six years as the roofs had to be replaced during 2012. The District made this change to better reflect the period during which the assets were in service. This change had the effect of increasing 2012 depreciation expense by \$90,165, and decreasing the change in net position by \$90,165.

**NOTE 6 - LONG-TERM OBLIGATIONS**

At December 31, 2012, employees of the District have accumulated and vested \$1,985 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. A summary of changes in long-term obligations is as follows:

	<u>Compensated Absences</u>
Balance, December 31, 2011	\$ 696
Additions	1,289
Deletions	<u>-</u>
Balance, December 31, 2012	<u>\$1,985</u>

**NOTE 7 - RISK MANAGEMENT**

In the ordinary course of business the District is at risk for property damage, liability, theft and worker's compensation. The District provides insurance coverage through the oversight entity, the Ouachita Parish Police Jury and commercial insurance companies. As a participant in the Police Jury's commercial insurance program the District also participates in the self-insurance fund maintained by the Police Jury. The District's annual contribution to the self-insurance fund is determined by the insurance company and their exposure for loss is limited to that amount.

**NOTE 8 - ON-BEHALF PAYMENTS FOR FRINGE BENEFITS**

Property tax revenues include amounts withheld by the Sheriff to make "on-behalf payments for fringe benefits" which represent the District's pro-rata share of retirement plan contributions for other governmental units. Because the District is one of several governmental agencies receiving proceeds from a property tax assessment, it has to bear a pro-rata share of the pension expense relating to the public employees who participate in the Parochial Employees Retirement System. The District's pro-rata share of the required contribution (\$41,037) that was withheld by the Sheriff from property tax collections to satisfy the District's obligation has been included as "Administration" in the expenditures of the General fund in these financial statements. The District has also increased its property tax revenues by the same amount of the expenditure.

**EAST OUACHITA RECREATION DISTRICT NUMBER ONE  
PARISH OF OUACHITA, STATE OF LOUISIANA  
Monroe, Louisiana**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**NOTE 9 - SUBSEQUENT EVENTS**

Management evaluates events occurring subsequent to the date of financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through June 26, 2013, which is the date the financial statements were available to be issued.

**NOTE 10 - ECONOMIC DEPENDENCE**

The District's main source of revenue is ad valorem taxes assessed on the taxpayers of East Ouachita Parish. There are two major taxpayers that exceed 10% of the total assessment. These two taxpayers are in the oil and gas industry and utility industry and represent 25% of the total assessment for the district.

**EAST OUACHITA RECREATION DISTRICT NUMBER ONE  
PARISH OF OUACHITA, STATE OF LOUISIANA  
Monroe, Louisiana**

**REQUIRED SUPPLEMENTAL INFORMATION (PART II)**

**EAST OUACHITA RECREATION DISTRICT NUMBER ONE**  
**PARISH OF OUACHITA, STATE OF LOUISIANA**  
**Monroe, Louisiana**

**BUDGET COMPARISON SCHEDULE**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL (BUDGETARY BASIS)**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Actual</u>	<u>Original Budget</u>	<u>Final Budget</u>	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Ad valorem taxes	\$1,230,580	\$1,000,000	\$1,000,000	\$230,580
State of LA Revenue Sharing	23,483	0	0	23,483
Concessions	47,503	30,000	30,000	17,503
Membership dues	15,831	12,500	12,500	3,331
Registration fees	143,840	128,200	128,200	15,640
Interest	11,660	7,000	7,000	4,660
Other	<u>20,131</u>	<u>16,500</u>	<u>16,500</u>	<u>3,631</u>
Total revenues	<u>1,493,028</u>	<u>1,194,200</u>	<u>1,194,200</u>	<u>298,828</u>
<b>EXPENDITURES</b>				
Current				
Administration	68,383	103,392	67,235	(1,148)
Athletics	169,698	102,500	176,616	6,918
Operations and maintenance	192,277	266,000	202,500	10,223
Salaries and benefits	412,516	455,000	420,500	7,984
Concessions	33,821	25,000	37,000	3,179
Capital outlay	<u>223,737</u>	<u>80,000</u>	<u>221,051</u>	<u>(2,686)</u>
Total charges	<u>1,100,432</u>	<u>1,031,892</u>	<u>1,124,902</u>	<u>24,470</u>
Excess of Revenues Over (Under) Expenditures	<u>392,596</u>	<u>162,308</u>	<u>69,298</u>	<u>323,298</u>
Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	392,596	162,308	69,298	323,298
FUND BALANCE, DECEMBER 31, 2011	<u>1,429,693</u>	<u>732,400</u>	<u>732,400</u>	<u>697,293</u>
FUND BALANCE, DECEMBER 31, 2012	<u>\$1,822,289</u>	<u>\$894,708</u>	<u>\$801,698</u>	<u>\$1,020,591</u>

**EAST OUACHITA RECREATION DISTRICT NUMBER ONE**  
**PARISH OF OUACHITA, STATE OF LOUISIANA**  
**Monroe, Louisiana**

**NOTES TO BUDGET COMPARISON SCHEDULES**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

**NOTE 1 - RECONCILIATION OF ACTUAL RESULTS TO BUDGETARY BASIS**

The budget for the year ended December 31, 2012 was prepared on a cash basis. The following schedule reflects the adjustments necessary to convert actual results from a GAAP basis to the cash basis for purposes of budget comparison in the financial statements.

<b>General Fund:</b>	<b>GAAP</b>			<b>Cash</b>
	<b><u>Basis</u></b>	<b><u>Receivables</u></b>	<b><u>Payables</u></b>	<b><u>Basis</u></b>
<b>Revenues</b>				
Ad valorem tax	\$1,337,633	\$(1,249,156)	\$1,142,103	\$1,230,580
State of LA - Revenue Sharing	23,483	0	0	23,483
Concessions	47,503	0	0	47,503
Membership dues	15,831	0	0	15,831
Registration fees	143,840	0	0	143,840
Interest	11,660	0	0	11,660
Other	20,131	0	0	20,131
Total revenues	<u>1,600,081</u>	<u>(1,249,156)</u>	<u>1,142,103</u>	<u>1,493,028</u>
<b>Expenditures</b>				
Administration	101,065	8,550	(41,232)	68,383
Athletics	170,618	0	(920)	169,698
Operations	189,890	15,970	(13,583)	192,277
Salaries	414,131	3,854	(5,469)	412,516
Concessions	34,280	0	(459)	33,821
Capital Outlay	223,737	0	0	223,737
Total expenditures	<u>1,133,721</u>	<u>28,374</u>	<u>(61,663)</u>	<u>1,100,432</u>
<b>Fund Balance, Beginning of year</b>	<u><u>\$2,543,422</u></u>	<u><u>\$28,374</u></u>	<u><u>\$(1,142,103)</u></u>	<u><u>\$1,429,693</u></u>

**EAST OUACHITA RECREATION DISTRICT NUMBER ONE  
PARISH OF OUACHITA, STATE OF LOUISIANA  
Monroe, Louisiana**

**OTHER SUPPLEMENTAL INFORMATION SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**COMPENSATION PAID BOARD MEMBERS**

The schedule of compensation paid board members is presented in compliance with House Concurrent Resolution No 54 of the 1979 Session of the Louisiana Legislature

Board members received no compensation for the year ended December 31, 2012

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Board of Commissioners  
East Ouachita Recreation District Number One  
of the Parish of Ouachita,  
State of Louisiana  
Monroe, Louisiana

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities of East Ouachita Recreation District Number One of the Parish of Ouachita, State of Louisiana, a component unit of Ouachita Parish Police Jury, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise East Ouachita Recreation District's basic financial statements, and have issued our report thereon dated June 26, 2013

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we considered to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as item 2012-1 to be a material weakness.



Board of Commissioners  
East Ouachita Recreation District Number One  
of the Parish of Ouachita,  
State of Louisiana  
Monroe, Louisiana

A significant deficiency is a deficiency, or a combination of deficiency, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2012-2 through 2012-4 to be significant deficiencies.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether East Ouachita Recreation District Number One's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management of East Ouachita Recreation District in a separate letter dated June 26, 2013.

#### East Ouachita Recreation District's Response to Findings

The East Ouachita Recreation District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the District's response and accordingly, we express no opinion on it.

#### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*The Robinette Firm, APAC*

The Robinette Firm, A Professional Accounting Corporation

Monroe, Louisiana  
June 26, 2013

**EAST OUACHITA RECREATION DISTRICT NUMBER ONE  
PARISH OF OUACHITA, STATE OF LOUISIANA  
Monroe, Louisiana**

**SCHEDULE OF FINDINGS AND RESPONSES  
For the year ended December 31, 2012**

**Section I. Summary of Auditor's Reports**

**a Report on Internal Control and Compliance Material to Financial Statements**

Internal Control

Material Weakness ☒ Yes ☐ No      Significant Deficiency ☒ Yes ☐ No

Compliance

Compliance Material to Financial Statements ☐ Yes ☒ No

**b Not applicable**

**c Not applicable**

**Section II. Financial Statement Findings**

**Material Weakness**

**2012-1 Inadequate Segregation of Duties**

**CONDITION:** Personnel perform incompatible functions, i.e., those that allow an error or irregularity that is material to the financial statements to occur and remain undetected

**CAUSE OF CONDITION:** Limited number of employees

**CRITERIA** A fundamental concept in a good system of internal control is the segregation of duties

**EFFECT** Errors and irregularities could occur without detection

**RECOMMENDATION:** While the size of the District's staff prohibits complete adherence to duty segregation, management should continue to provide additional oversight to compensate for the lack of controls

**CORRECTIVE ACTION PLAN** Management will continue to provide oversight and strengthen controls as necessary

**Responsible person** Gene Crain, Executive Director and Board of Commissioners

**EAST OUACHITA RECREATION DISTRICT NUMBER ONE  
PARISH OF OUACHITA, STATE OF LOUISIANA  
Monroe, Louisiana**

**SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**Section II. Financial Statement Findings (Continued)**

**Significant Deficiencies**

**2012-2 Controls over expenditures**

**CONDITION:** Purchases were made on charge accounts for the District. The receipts were not turned in by the personnel making the purchases. In addition, no documentation was provided to support 3 bank drafts.

**CAUSE OF CONDITION:** Employee error.

**CRITERIA** All expenditures of public funds should have proper authorization and documentation. The receipts serve as evidence that an authorized user made the purchase as well as providing evidence of the items purchased.

**EFFECT** Controls over purchasing have been compromised.

**RECOMMENDATION:** Management should require employees to turn in invoices and receipts for all charges on a timely basis.

**CORRECTIVE ACTION PLAN** Management will implement a policy of employees turning in receipts on a more timely basis.

**Responsible person** Gene Crain, Executive Director

**2012-3 Purchasing procedures and approval**

**CONDITION:** During 2010, the District implemented a purchase order procedure and required a purchase order be prepared for all purchases. The purchase orders are to be approved by the executive director. We noted no documented approval on 7% (4 of 55) of the purchase orders for invoices we selected to test.

**CAUSE OF CONDITION:** Failure to follow procedures.

**CRITERIA** All expenditures of public funds should have proper authorization and documentation.

**EFFECT** Controls over purchasing have been compromised.

**RECOMMENDATION:** We recommend the approval of purchase orders should be verified prior to submission of invoices for payment.

**CORRECTIVE ACTION PLAN** Management will not allow purchases without proper approval.

**Responsible person** Gene Crain, Executive Director

**EAST OUACHITA RECREATION DISTRICT NUMBER ONE  
PARISH OF OUACHITA, STATE OF LOUISIANA  
Monroe, Louisiana**

**SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**Section II. Financial Statement Findings (Continued)**

**2012-4 Authorized Signatures**

**CONDITION:** We noted several disbursements paid via the Internet with no Board signature

**CAUSE OF CONDITION:** Vendors were paid via the Internet out of convenience

**CRITERIA** The District's financial controls provide for two signatures on all disbursements

**EFFECT** Disbursements are made without the required two signatures

**RECOMMENDATION:** We recommend that Board members sign and pre-approve all Internet payments

**CORRECTIVE ACTION PLAN** Management will require approval on all types of disbursements prior to payment with two signatures

**Responsible person** Gene Crain, Executive Director and Board of Commissioners

**EAST OUACHITA RECREATION DISTRICT NUMBER ONE  
PARISH OF OUACHITA, STATE OF LOUISIANA  
Monroe, Louisiana**

**SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**Section III. Federal Award Findings and Questioned Costs**

Not Applicable

**EAST OUACHITA RECREATION DISTRICT NUMBER ONE  
PARISH OF OUACHITA, STATE OF LOUISIANA  
Monroe, Louisiana**

**STATUS OF PRIOR YEAR FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**Financial Statement Findings:**

**2011-1. Inadequate Segregation of Duties (originally cited 98-1)**

STATUS: See current year 2012-1

**2011-2. Controls Over Expenditures**

STATUS: See current year 2012-2

**2011-3. Purchasing Procedures and Approval**

STATUS: See current year 2012-3

**2011-4. Authorized Signatures**

STATUS: See current year 2012-4

**2011-5. Employee Time Sheet Approval**

STATUS: Resolved

**2011-6. Documentation of Employee Pay Rates**

STATUS: Resolved

**Compliance Findings**

No prior year findings

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**THE ROBINETTE FIRM**  
A Professional Accounting Corporation  
1900 N 18<sup>th</sup> Street, Suite 606  
Monroe, LA 71201  
(318) 361-0007  
Fax (318) 361-0008

## **MANAGEMENT LETTER**

Board of Commissioners  
East Ouachita Recreation District Number One  
Monroe, LA 71203

In planning and performing our audit of the financial statements of East Ouachita Recreation District for the year ended December 31, 2012, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure. The following recommendations are submitted to assist in improving the District's ability to report data consistent with the assertions of management in the financial statements.

### **LATE PAYMENT OF INVOICES**

During our test procedures, we noted three invoices were paid late, resulting in finance charges. In addition, one of the invoices was paid online and incurred a \$2.95 transaction fee. Timely payment of invoices should be monitored in order to avoid unnecessary charges. We recommend due dates of payables be monitored and checks used to prevent these charges.

**Corrective Action Plan:** Management will monitor payables on a consistent basis to prevent further late payments.  
**Person Responsible:** Gene Crain  
**Date to be completed:** June 30, 2013

### **EVIDENCE OF RECEIPT**

During our test procedures, we noted thirteen invoices were paid without evidence of receipt. We recommend invoices be matched with receiving documents prior to payment to verify receipt of the merchandise.

**Corrective Action Plan:** Management will collect and file evidence of receipt on purchases to match with invoices.  
**Person Responsible:** Gene Crain  
**Date to be completed:** June 30, 2013

#### **CANCELLATION OF INVOICES**

We noted one expenditure where the invoice supporting the statement charge was not marked "paid" to cancel the invoice. Cancellation of invoices prevents duplicate payments. We recommend all invoices accompanying a statement be marked as "paid".

**Corrective Action Plan** Management will cancel all payments upon disbursing funds  
**Person Responsible** Gene Crain  
**Date to be completed** June 30, 2013

#### **PAYMENT OF SALES TAX**

During our test procedures, we noted several instances where the District paid sales tax. Since the District is exempt from sales tax, this results in an unnecessary expenditure. We recommend all vendors be furnished with the sales tax exemption letter and that employees be instructed to not pay any sales tax charged.

**Corrective Action Plan** Management will be more diligent in avoiding and correcting sales tax billing by presenting exemption documentation  
**Person Responsible** Gene Crain  
**Date to be completed** June 30, 2013

#### **DUPLICATE PAYMENT OF INVOICE**

During our test procedures, we noted one invoice was paid twice, resulting in an overpayment of \$36.52. We recommend careful attention be paid to all invoices and receipts to ensure that if any duplicates are turned into the office only one is paid.

**Corrective Action Plan** Management will monitor and cancel all invoices as paid to ensure overpayment is avoided  
**Person Responsible** Gene Crain  
**Date to be completed** June 30, 2013

#### **MISSING INVOICE**

We noted one disbursement was paid off of the statements without an invoice. Disbursements should be made based on invoices and not the statement only. We recommend all invoices be obtained before making payments and they be kept on file to support disbursements.

**Corrective Action Plan** Management will only make disbursements by invoice  
**Person Responsible** Gene Crain  
**Date to be completed** June 30, 2013

#### **EXPENDITURE INCORRECTLY POSTED**

We selected one expenditure that was to purchase multiple computers. This expenditure was coded as recreation expense, but it met the requirements for a capital expenditure and should have been coded to the capital expenditures account. We recommend that care be taken when entering expenditures to ensure they are coded properly and the accounts be reviewed periodically to ensure items are being posted properly.

**Corrective Action Plan** Management will take action to code expenditures properly through reviewing  
**Person Responsible** Gene Crain  
**Date to be completed** June 30, 2013



**PAYMENT OF UNNECESSARY FEES**

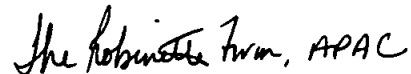
During our test procedures, we selected two bank drafts that were used to purchase three cashier's checks. The cashier's check were used to pay for items delivered as cash-on-delivery. There was a \$6 fee for each cashier's check purchased, which is unnecessary and should be avoided. We recommend the District work with vendors to be able to pay with checks instead of paying fees to use cashier's checks.

**Corrective Action Plan** Management will pay by check unless there is no other option and debit card will be used to avoid bank fees.

**Person Responsible** Gene Crain

**Date to be completed:** June 30, 2013

We appreciate the opportunity to present these comments for your consideration. We are prepared to discuss them at your convenience and to provide such assistance in their implementation as you may desire.

A handwritten signature in black ink that reads "The Robinette Firm, APAC". The signature is written in a cursive, flowing style.

The Robinette Firm, A Professional Accounting Corporation

Monroe, Louisiana  
June 26, 2013

**EAST OUACHITA RECREATION DISTRICT NUMBER ONE  
MANAGEMENT LETTER  
STATUS OF PRIOR YEAR COMMENTS  
DECEMBER 31, 2012**

**2011 COMMENTS**

Late payment of invoices

Status See current year comment

Evidence of receipt

Status See current year comment

Cancellation of invoices

Status See current year comment

Payment of sales tax

Status See current year comment

Late filing of payroll tax

Status Resolved